



DATE: 5 April 1974

TO: The Director

SUBJECT:

As you know, the economics/energy community in Washington is very much of a floating crap game in which the players shift in a way that sometimes seems almost kaleidoscopic. Attached is an explanatory note on the current wiring diagram and how we plug into it that I found helpfully enlightening and am sending to you as something you also might find useful. It was prepared by [redacted] while he was acting for Jim Critchfield during the latter's recent trip. [redacted] as you know, is a very solid and able young officer.

[redacted]

George A. Carver, Jr.
Deputy for National Intelligence Officers

Attachment

O/D/DCI/NIO:GACarver/mee

Orig - Addressee

- 1 - [redacted] w/att ✓
- 1 - D/NIO Chrono w/att ✓
- 1 - NIO/RI w/o att

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29 March 1974

MEMORANDUM FOR : Mr. Carver

SUBJECT : CIA Support of US Government Policy Committees
Involved in Energy Related Matters

1. US Government policy in dealing with the current energy problem is slowly emerging but appears to be immersed in bureaucratic entanglements. There are currently three US Government policy groups in Washington working on similar or closely-related energy problems, but with only a minimum amount of coordination. CIA is represented on all three with varying degrees of responsibility.

2. The most important and organized of the three is the International Energy Review Group (IERG). This group was created by Kissinger through the NSC in early February to formulate policy recommendations to the President in the international energy area. It is composed of representatives from the NSC, Treasury, Interior, Defense, State, AEC, CEA, FEO, OMB, and the CIA and is supported by two working groups. One is responsible for directing policy-oriented research on the international energy scene, reviewing international political and economic implications of the world energy situation, and formulating policy recommendations to the IERG. This sub-committee is chaired by Charles A. Cooper, Deputy Assistant to the President for International Economic Affairs. The other sub-committee, chaired by William Donaldson, Under Secretary of State for Security Assistance, is responsible for implementing policy decisions and preparing US positions on energy-related matters for international conferences.

3. Mr. Critchfield, NIO/Energy, is the DCI's representative on both the Cooper and Donaldson sub-committees, and [redacted] ADD/OER is his alternate. Agency support of the Cooper group has been tasked through OER, which has produced The Future of OPEC as a Cartel (CIA No. 8010/74, 5 March 1974), The World Oil Market in 1974 (ER IB 74-4, March 1974) and various other studies on international petroleum prices, the world oil market in 1980 and 1985, sharing arrangements, financial implications and conservation. To date, the Donaldson sub-committee has used the papers

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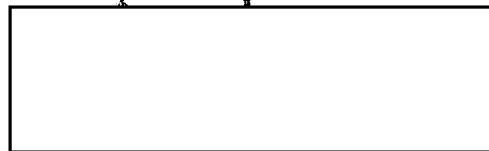
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prepared by the Cooper group to establish US policy options.

4. The other two energy-policy committees in the US Government are involved in assessing the domestic and international impact of Project Independence. The first was created in mid-March by Messrs. Ash, Stein, and Shultz to study policy options in support of Project Independence decision-making. Membership includes OMB, CEA, Treasury, CIEP, NSF and CIA, but excludes FEO. Stein indicated at the first meeting that FEO will be included "at the appropriate time." CIA support of this group will involve international energy matters, with requests for Agency support technically levied by the Cooper sub-committee of the IERG. To date the Agency has not been tasked by this group, which has been relatively inactive.

5. FEO is also in the process of establishing a series of working groups to assess Project Independence. Formation of sub-committees should begin around mid-April. Membership will include FEO, Defense, State, Commerce, Transportation, CIEP, Treasury, and the NSC. Working groups will cover energy conservation, research and development, energy resource development, quantitative analysis, policy evaluation, and international assessments. CIA will participate in the international working group. Proposed topics for study will include international maritime transportation, vulnerability to future embargoes and safeguards, and international economic implications. As all groups are still being formed, CIA participation in the international group has not been formalized, although OER has provided some informal comments on FEO research currently underway in these areas.



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